REMARKS

Applicant will address each of the Examiner's rejections in the order in which they appear in the Office Action.

Claim Rejections - 35 USC §103

Claims 2, 3, 10 and 11

In the Office Action, the Examiner rejects Claims 2, 3, 10 and 11 under 35 USC §103(a) as being unpatentable over Yamaguchi et al. (US 6,222,515) in view of Mikami et al. (US 6,825,826). This rejection is respectfully traversed.

While Applicant traverses this rejection, in order to advance the prosecution of this application, Applicant is amending independent Claim 2 to delete the recital of "the digital video data dividing circuit and the D/A converter circuit are formed on the same substrate" (which is now the feature of new dependent Claim 19) and to add the feature of "a third voltage is supplied to the pixel in the first subframe period." Independent Claims 3, 10 and 11 have been amended in a similar manner. This feature is supported by, for example, Fig. 1 of the present application. For example, as shown in Fig. 1, using the method of the claimed invention, when an operator wants to display the 70th gradation, a first voltage for the 100th graduation is supplied in a first subframe period, a third voltage for the 0th gradation is supplied in the first subframe period, and a second voltage for the 40th gradation is supplied in the second subframe period, and the display of the 70th gradation can be recognized through the operator's eyes.

In contrast, neither <u>Yamaguchi</u> nor <u>Mikami</u> disclose or suggest this claimed feature.

Therefore, independent Claims 2, 3, 10 and 11, and those claims dependent thereon, are not disclosed or suggested by the cited references and are patentable thereover. Accordingly, it is respectfully requested that this rejection be withdrawn.

Claims 4-9 and 13-18

The Examiner also rejects Claims 4-9 and 13-18 under 35 USC §103(a) as being unpatentable over Yamaguchi in view of Mikami and further in view of Katakura et al. (US 6,057,824). This rejection is also respectfully traversed.

Each of these claims is a dependent claim. Therefore, for at least the reasons discussed above for the independent claims, these dependent claims are also not disclosed or suggested by the cited references. Accordingly, it is respectfully requested that this rejection be withdrawn.

New Claims

Applicant is adding new dependent Claims 19-24. Claim 19 recites the feature of wherein the digital video data dividing circuit and the D/A converter circuit are formed on the same substrate, previously recited in Claims 2 and 3. Claim 20 recites the feature of the digital video data dividing circuit, the D/A converter circuit, a gate driving circuit and plural pixels are formed on the same substrate, previously recited in Claims 10 and 11. Accordingly, these features are not new matter and are supported by, for example, Fig. 2 of the present application.

Claims 21-24 recite the third (another) voltage is a 0th gradation voltage. This

feature is also not new matter and is supported by, for example, Fig. 1, as explained

above.

As each of these new claims is a dependent claim, the new claims are allowable

for at least the same reasons as the independent claims.

Accordingly, it is respectfully requested that these new claims be entered and

allowed.

If any fee should be due for these new claims, please charge our deposit account

50/1039.

Conclusion

It is respectfully submitted that the present application is in a condition for

allowance and should be allowed.

Please charge our Deposit Account No. 50-1039 for any fee due for this

Amendment or the new claims.

Favorable reconsideration is earnestly solicited.

Respectfully submitted,

Date: May 21, 2007

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